

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 NEA-11 ISO-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 FEA-02

SCI-06 SAM-01 NSC-10 SS-20 STR-08 CEA-02 PRS-01 PA-04

USIA-15 FPC-01 EUR-25 DRC-01 /203 W

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R 040905Z FEB 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9475

INFO AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY RANGOON

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 1708

E.O. 11652: GDS

TAGS: ENRG, IN

SUBJ: ENERGY: GOI'S OFFSHORE DRILL MOVES TO SECOND WELL
SITE

REF: A) BOMBAY 0265 (NOTAL); B) NEW DELHI 11889; C) NEW
DELHI 8315

SUMMARY: THE AMERICAN-DESIGNED, GOI-OWNED, DEEP WATER OFF-
SHORE DRILLSHIP, SAGAR SAMRAT, HAS BEEN MOVED TO ITS SECOND
(AND POSSIBLY MOST IMPORTANT) WELL SITE IN THE ARABIAN SEA.
NO OIL YET, BUT IN OTHER RESPECTS THE MOVE JUST COMPLETED
WAS AN EXTREMELY SIGNIFICANT AND TIMELY ONE. EARLIER OPERA-
TIONAL PROBLEMS (NOT UNCOMMON TO ANY NEW ITEM OF EQUIPMENT),
RESTRICTIONS IMPOSED BY THE GOI'S INSURANCE COMPANY, AND
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INCREDIBLE ERRORS AND OMISSIONS IN GEOPHYSICAL AND GEOLOG-

ICAL DATA PROVIDED BY THE USSR AND A FRENCH CONTRACTOR HAD COMBINED TO PRESENT A DISMAL OUTLOOK FOR THE FUTURE OF THIS DRILL AND ITS OPERATORS (OFFSHORE COMPANY INTERNATIONAL, HOUSTON, TEXAS, AND THE GOI'S OIL AND NATURAL GAS COMMISSION). ADDITIONALLY, THE GOI COMPLICATED MATTERS WITH PREMEDITATED ATTEMPTS TO HIDE FACTS FROM THE PUBLIC. THESE BACKFIRED, TO THE DETRIMENT OF ALL CONCERNED. OFFSHORE COMPANY'S OUTSTANDING MANAGERIAL AND TECHNICAL SKILLS DID, HOWEVER, CONTRIBUTE NOTABLY TO THE IDENTIFICATION OF THE CORRECTIVE MEASURES REQUIRED AND TO ALL ACTIONS--AND TO A NEWLY-EXHIBITED PROOF THAT THE SAGAR SAMRAT IS INDEED WELL DESIGNED FOR INDIA'S OFFSHORE CONDITIONS. ONGC'S ROLE THROUGHOUT THE CRITICAL PERIOD JUST PAST IS TO BE HERALED AS WELL. EARLIER PROBLEMS AND RESERVATIONS, AND RECENT DEVELOPMENTS, ARE DESCRIBED HEREIN. END SUMMARY.

1. L.T. GARRETT, MANAGER, OFFSHORE COMPANY INTERNATIONAL AND V.K. VARMA, DIRECTOR OF OFFSHORE OPERATIONS, OIL AND NATURAL GAS COMMISSION (ONGC) INFORMED BOMBAY CONGENOFF JANUARY 31 (REF A) THAT THE AMERICAN-DESIGNED, GOI-OWNED, OFFSHORE DRILL, SAGAR SAMRAT HAD BEEN MOVED TO NEW WELL SITE (ITS SECOND DRILLING LOCATION) IN THE ARABIAN SEA. FEBRUARY 1 PRESS ANNOUNCEMENTS DESCRIBED THE MOVE IN SOME DETAIL, AND PETROLEUM MINISTRY SOURCES FURTHER CONFIRMED ALL REPORTS TO MINATT ON THE SAME DATE.

2. WE REPORTED IN OCTOBER 1973 THAT, WHILE DRILLING HAD BEGUN OCTOBER 10, THE LONG-DELAYED EFFORT CONTINUED TO BE PLAGUED WITH SERIOUS PROBLEMS (REF B). GEOPHYSICAL AND GEOLOGICAL DATA PROVIDED BY THE USSR (1965-66) AND A FRENCH FIRM, COMPAGNIE GENERALE DE GEOPHYSIQUE (CGG) (1972) PROVED TO BE BOTH INCOMPLETE AND INACURATE. ADDITIONALLY, THE THICKNESSES OF SEAFLOOR MUDS (THROUGH WHICH THE JACK-UP LEGS OF THE DRILL MUST PENETRATE) WERE UNKNOWN BECAUSE THE GOI HAD NEGLECTED TO INSIST THAT THESE DATE BE OBTAINED BY CGG AT THE TIME THAT ORGANIZATION CONDUCTED ITS SEISMIC SURVEY FOR ONGC. OFFSHORE COMPANY PERSONNEL IDENTIFIED THE ERRORS AND OMISSIONS, AND (WITH ONGC SUPPORT) IMPLEMENTED IMMEDIATE CORRECTIVE ACTION. MEANWHILE, THE PETROLEUM MINISTRY URGED OFFSHORE AND ONGC TECHNICIANS TO START DRILLING "SOMEWHERE IN THE BOMBAY HIGH"

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WITHOUT DELAY (REF B) -- TO DEMONSTRATE TO PARLIAMENT AND THE PRESS THAT THE NEW DRILL WAS IN FACT DRILLING (SOMEWHERE).

3. OFFSHORE/ONGC'S PREFERRED FIRST WELL SITE (H-1-1; REF A) HAD TO BE APPROACHED ON A TRIAL AND ERROR BASIS BECAUSE OF THE ABSENCE OF PRE-RECORDED SEAFLOOR MUD DATA, EXCEPT FOR GENERALIZED INFORMATION PROVIDED HURRIEDLY BY USG (FROM NOAA'S 1967 OCEANOGRAPHIC SURVEY OF THE ARABIAN SEA; REF C). JACK-UP

TRIALS SUPPORTED NOAA'S FINDINGS AND PROVED THE EXISTANCE OF MUD IN EXCESS OF 60 FEET AT WELL SITE H-1-1. INSURANCE COMPANY RESTRICTIONS THUS PREVENTED A SET-UP AT THIS SITE AT THAT TIME. (THE MAXIMUM PENETRATION THICKNESS THEN ALLOWED BY THE GOI'S INSURERS, LLOYDS OF LONDON: 60 FEET.) AFTER SEVERAL SIMILARLY ABORTED ATTEMPTS IN THE BOMBAY HIGH, A SUCCESSFUL JACK-UP WAS FINALLY ACHIEVED NORTHEAST OF THE GEOLOGIC STRUCTURE AT A WELL SITE DESIGNATED AS H-12-1 (REF B). THIS LOCATION WAS, HOWEVER, A CLASSICAL "WILDCAT" WITH LITTLE CHANCE FOR SUCCESS AS A PRODUCER. THE GOI SUPPRESSED THIS INFORMATION, AS WELL AS ALL FACTS LEADING TO THIS WILDCAT EFFORT. ULTIMATELY, REPORTS LEAKED TO THE PRESS THAT THE DRILL WAS NOT LOCATED ON THE BOMBAY HIGH AS PREVIOUSLY CLAIMED PUBLICLY, AND (NOT UNEXPECTEDLY) CRITICISMS RAN RAMPANT. CHARGES WERE MADE TO THE EFFECT THAT (1) THE DRILL WAS INADEQUATE TO THE JOB, (2) THE AMERICAN CONTRACTORS WERE "SOMEHOW TO BLAME", AND (3) MISMANAGEMENT BY ONGC HAD AGAIN "REARED ITS UGLY HEAD". BY EARLY JANUARY, OFFSHORE COMPANY AND ONGC TECHNICIANS WERE UNANIMOUSLY AGREED THAT THIS WILDCAT WELL (NOW DESCRIBED AS BEING LOCATED IN THE "TARAPUR STRUCTURE") HELD LITTLE PROMISE OF A LUCKY STRIKE. FURTHER, DRILLING DIFFICULTIES IN THE HOLE (NOT UNUSUAL AT SUCH A DEPTH -- OVER 9,000 FEET) PRECLUDED ADDITIONAL EXPENDITURES. H-12-1 WAS ABANDONED AND PLUGGED LATE IN JANUARY AT A DEPTH OF 9,128 FEET (2,782 METERS).

4. MEANWHILE, AT OFFSHORE/ONGC INSISTENCE, THE FRENCH SEISMIC SURVEY CONTRACTOR (CGG) WAS BROUGHT BACK TO INDIA TO CORRECT ITS EARLIER ERRORS AND OMISSIONS (REF B) THROUGH A REINTERPRETATION OF DATA AND THE COMPLETION OF A SEABED SPARKER SURVEY. ALSO, IN JANUARY THE GOI OBTAINED INSURANCE COMPANY APPROVAL TO PERMIT MUD PENETRATION BY THE DRILL TO A MAXIMUM THICKNESS OF 85 FEET. THUS ARMED AND NEWLY-DEvised MODIFICATIONS TO "STANDARD" JACK-UP PROCEDURES, OFFSHORE/ONGC TECHNICIANS

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SUCCESSFULLY STABILIZED THE DRILL JANUARY 30 ABOUT 2,000 FEET SOUTHEAST OF THE ORIGINALLY-PREFERRED "FIRST" SITE (H-1-1) -- DEFINITELY ON THE CELEBRATED BOMBAY HIGH. DRILLING IS SCHEDULED TO BEGIN AT WELL SITE H-1-1-1 ON FEBRUARY 2 (APPROXIMATELY COORDINATES: 19°10'N - 72°14'E; ABOUT 39 MILES NORTHWEST OF BOMBAY). REPORTEDLY, THE DRILL IS STABILIZED IN 62 FEET OF MUD PLUS 202 FEET OF WATER. ESTIMATED DEPTH OF THE PROPOSED WELL IS NOT YET KNOWN.

5. GARRETT AND VARMA INFORMED BOMBAY CONGEN OFF THAT ALL CONCERNED WERE "EXTREMELY PLEASED" WITH THE MOVE TO H-1-1-1. ACTING ONGC CHAIRMAN B.S. NEGI STATED JANUARY 31 THAT "THIS HAPPY EVENT SHOULD SET AT REST SPECULATIONS ABOUT THE SHIP'S CAPABILITY TO UNDERTAKE DEEP-SEA DRILLING". HE FURTHER NOTED THAT DRILLING CAN NOW BE CONDUCTED IN "ALMOST ALL PARTS OF

THE 2,000 SQUARE KILOMETER AREA OF THE BOMBAY HIGH". GARRETT
OF OFFSHORE MORE CANDIDLY COMMENTED (TO BOMBAY CONGEN OFF)
THAT WE "HAVE PULLED THE RUG OUT FROM UNDER (OUR) CRITICS".
EMBASSY'S VIEW IS THAT OFFS
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